



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

June 16, 2006

H.R. 4890 **Legislative Line Item Veto Act of 2006**

As ordered reported by the House Committee on the Budget on June 14, 2006

H.R. 4890 would establish a new expedited procedure for considering Presidential proposals to cancel certain spending and tax provisions in newly enacted legislation. CBO estimates that enacting H.R. 4890, by itself, would not have any significant impact on the budget. Any impact on the budget would depend on the extent of the President's use of the new cancellation procedure and on future Congressional actions.

The bill would establish a procedure for the President to propose cancelling specified discretionary budget authority, items of direct spending, or targeted tax benefits (defined as any provisions of a revenue bill that provide a federal tax benefit to only one beneficiary) and for Congressional consideration of such proposals. The President would transmit a special message to both Houses of Congress specifying the project or governmental functions involved, the reasons for the proposed cancellations, and—to the extent practicable—the estimated fiscal, economic, and budgetary effect of the action. The Congress could then approve or disapprove the President's proposals in legislation. (If approved, any such proposed cancellations would then become law.)

Under H.R. 4890, the President could submit up to five special messages for most acts and joint resolutions, and up to 10 special messages for reconciliation or omnibus appropriation acts. A message would have to be transmitted to the Congress within 45 calendar days of enactment of the legislation containing the items proposed for cancellation. Within five days of receiving a special message, the majority leaders of the House and Senate (or their designees) would be required to introduce a bill or joint resolution to approve the proposed cancellations; that approval bill would be considered under expedited procedures. H.R. 4890 also would amend the Congressional Budget Act to require that CBO prepare an estimate of savings in budget authority and outlays resulting from any cancellations proposed by the President.

Additionally, the President could withhold discretionary budget authority proposed for cancellation and suspend items of direct spending and targeted tax benefits for 45 days from

the date on which a special message is transmitted. For each such transmittal, the Government Accountability Office would be required to submit a report to the Congress indicating whether any delay in obligation of discretionary authority, suspension of a direct spending item, or suspension of a targeted tax benefit continued after the President's authority to suspend them expired.

The impact of H.R. 4890 on future legislation would depend on both the nature of such legislation and on the actions of the President and the Congress in implementing the expedited cancellation procedure in H.R. 4890. Therefore, this bill would not—by itself—have any significant impact on the federal budget. CBO estimates that any additional administrative costs for implementing H.R. 4890 would not be significant because both the executive branch and the Congress already carry out activities similar to those that would be involved in preparing and responding to Presidential budget proposals (including, for example, proposed rescissions of discretionary appropriations).

H.R. 4890 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act and—by itself—would have no impact on the budgets of state, local, or tribal governments. Any budgetary impacts would depend on subsequent legislative action.

The CBO staff contact for this estimate is Jeffrey Holland. This estimate was approved by Peter H. Fontaine, Deputy Assistant Director for Budget Analysis.